

## ABSTRACT

A method and system for determining the negotiability of checks drawn on any account from any bank or other financial institution based on a comparison against stored information on whether or not checks previously drawn on that account have cleared and were paid includes a database having two related tables. A table of active accounts at any bank is generated by recording account information from checks presented for negotiation at a second bank. If the check is not returned after a predetermined number of days (i.e., the check is paid), the record is updated to show that the account is "in good standing". A separate table of accounts that are not in good standing is generated from returned unpaid checks. For each new entry in the table of accounts that are not in good standing, a corresponding record in the active account table is updated to show a status of "not in good standing". Also, for each entry in the active file that changes its status from "active" to "in good standing", any corresponding entry in the table of accounts that are not in good standing is deleted. Information concerning whether a checking account is in good standing or is not in good standing may be used by the financial institution or by merchants or other third party providers to determine, in real time, if they should accept a check as payment by querying the database so formed.